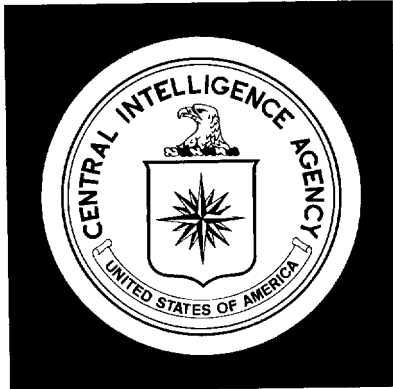


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CHILE: Tensions continue at an abnormally high level and may rise further as a result of large demonstrations planned for today. Communist leaders have joined the Socialists in forcing a harder line on President Allende that could lead to a showdown with the opposition.

The unprecedented joint public rebuke to Allende on 16 June by the two major parties in his Popular Unity (UP) coalition surfaced long-standing resentment against his high-handed attitude toward them. Their slap at the President for meeting with striking copper workers stalled his efforts to negotiate an end to the strike and heightened the mood of confrontation now permeating Chile. Galled by the use of the strike and other issues to obstruct or defy the government, the rival Communists and Socialists are acting in unusual concert to repress the opposition. This involves a marked--but probably tactical--shift by the Communists away from their usual support of Allende's strategy of compromise to a hard line and resort to force.

Meanwhile, Allende is pressing his efforts to get the armed services and national police into his cabinet, but he has found it difficult to devise terms acceptable to both military and UP leaders. On this issue, the Socialists may be shifting positions. Perhaps reassured by the effective army and police crackdown on opposition forces, the Socialists appear less opposed than before to naming selected military officers as ministers. In addition, Socialist Defense Minister Toha announced on 19 June that "new measures benefiting the men in uniform" were about to be taken.

Security forces are engaged almost constantly in handling pro- and anti-government demonstrations. A general strike in three major cities, a "long march" beginning in southern Chile, and a mass

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rally are scheduled by the UP for today. The administration hopes they will offset competing strikes and a large rally staged by the opposition earlier this week. Perhaps more important, UP leaders want to demonstrate to the armed forces' leaders that the government has widespread support. [REDACTED]

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WESTERN EUROPE - US: The European allies have reached at least tentative agreement on how they should proceed in formulating a response to the US request for a new declaration of principles on Atlantic relations.

In the wake of the discussions at last week's NATO ministerial meeting in Copenhagen, the EC Nine agreed that its political committee will take up US-European relations on 5-6 July to identify questions that the foreign ministers will discuss on 23 July. French Foreign Minister Jobert approved this schedule without indicating any change in French reluctance to engage in a US-European dialogue.

The EC countries presumably will address a Dutch draft of a declaration of principles. There is some feeling in community circles, however, against precipitate action on a draft text. For example, Danish Foreign Minister Andersen, who will chair the ministerial EC meeting, told Secretary Rogers in Copenhagen that the Nine should focus first on questions of procedure, because getting the "new European family to function" should have priority.

Belgian Foreign Office Political Director Davignon has been more pointed in opposing the early appearance of a draft declaration, which he believes would lead to another confrontation between France and the other EC members. Davignon believes that Paris, impressed by its isolation in the Nine, can be brought around to the majority view, but only by a step-by-step process permitting the French to soften their position without seeming to surrender. This tactic, Davignon believes, is threatened by what he calls the US strategy to "reward" France for its obstructionism by making bilateral approaches. Because the foreign ministers of the Nine have now agreed to discuss US-European relations in July, Davignon hopes that Dr. Kissinger will delay a trip to Europe until after that meeting.

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Although the French foreign minister assailed the US "year of Europe" proposals at last week's NATO ministerial, he reluctantly went along with the idea that the NATO permanent representatives should study Atlantic relations. Most of the other EC members of NATO were also reluctant to imply in the final communiqué that either NATO objectives or strategies were in for a change. A study in NATO was particularly supported by non-EC members Norway, Canada, Greece, Turkey, and Portugal. These countries are concerned that "bilateralism" between the US and the community--as Canadian Foreign Minister Sharp put it--would erode the NATO consultative process.

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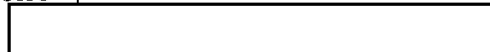
ARGENTINA: The shoot-out that disrupted Juan Peron's homecoming yesterday is likely to accentuate the growing strains between the former dictator and President Campora.

When shooting broke out between rival Peronist groups, the plane carrying Peron and Campora was diverted from the international airport outside Buenos Aires, where a crowd estimated at more than two million had gathered to give Peron a hero's welcome. Peron has been upset with Campora's inept handling of the terrorist problem and internal Peronist divisions. The toll of 20 dead and more than 300 injured at a celebration in his honor seems likely to deepen the rift between the two.



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Peron is scheduled to address the nation tonight and has promised to "explain his role in the government." Opposition to a complete take-over by the former dictator, as well as his age and his desire to devote most of his time to foreign affairs, may cause him to put aside any thoughts of accepting the presidential sash "symbolically" offered to him by Campora. In any event, he will play the decisive role in the government, and in the next few weeks will seek to stabilize the political situation that now borders on anarchy.



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